



# 2013 Budget Highlights

## The Budget 2013: At-a-glance summary of key points:

### FUEL, ALCOHOL AND CIGARETTES

- September's 3p fuel duty rise scrapped
- April's 3p rise in beer duty scrapped. Instead, beer duty to be cut by 1p
- Annual inflation +2% rise in beer duty to be ended but "duty escalator" to remain in place for wine, cider and spirits

### INCOME TAX

- Limit at which people start paying tax to be raised to £10,000 in 2014 - a year earlier than planned

### HOUSING

- Shared equity schemes extended, with interest-free loans up to 20% of value of new-build properties
- Bank guarantees to underpin £130bn of new mortgage lending for three years from 2014

### STATE OF THE ECONOMY

- Forecast growth of 0.6% in 2013, downgraded from 1.2% in December
- But Office for Budget Responsibility predicts UK will escape recession this year
- Growth predicted to be 1.8% in 2014; 2.3% in 2015; 2.7% in 2016 and 2.8% in 2017.

### BORROWING

- Borrowing of £114bn this year, up from previous £108bn forecast
- Borrowing set to fall to £108bn, £97bn and £87bn, £61bn and £42bn in subsequent years
- Borrowing as share of GDP to fall from 7.4% in 2013-14 to 5% in 2015-16
- Debt as a share of GDP to increase from 75.9% in 2012-13 to 85.6% in 2016-17

### JOBS

- 600,000 more jobs expected this year than at same time last year
- Claimant count to fall by 60,000

### SPENDING AND PAY

- Most government departments to see budgets cut by 1% in each of next two years
- Schools and NHS will be protected
- £11.5bn in further cuts earmarked in 2015-16 Spending Review
- 1% cap on public sector pay extended to 2015-16 and limits on "progression" pay rises in the sector
- Military to be exempt from "progression" pay limits.
- Proceeds of Libor banking fines to be given to good military causes, including Combat Stress charity



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### INFLATION

- 2% Bank of England target to stay in place
- Bank remit to be changed to focus on growth as well as inflation

### HELP FOR BUSINESS

- Corporation tax to be cut by 1% to 20% in 2015
- New employment allowance to cut national insurance bills cut by £2,000 for every firm
- 450,000 small firms will pay no employer National Insurance
- Government procurement from small firms to rise five fold
- Tax relief for investment in social enterprises
- Stamp duty axed on shares traded on growth markets like Aim.
- Tax avoidance and evasion measures, including agreements with Isle of Man, Guernsey and Jersey, aimed at recouping £3bn in unpaid taxes

### ENERGY AND THE ENVIRONMENT

- Tax incentives for ultra low-emission cars
- Pottery industry in Midlands to be exempt from climate change levy
- Tax allowances for investment in shale gas

### PENSIONERS

- Single flat-rate pension of £144 a week brought forward a year to 2016
- Cap on social care costs confirmed

### FAMILIES

- 20% tax relief on childcare up to £6,000 per child from 2015
- £5,000 payments for those who lost money on Equitable Life policies bought before 1992. Extra money for those on low incomes